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Message Text

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ACTION AGR-20

INFO OCT-01 EA-11 ISO-00 SPC-03 SAM-01 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 PA-04 PRS-01 USIA-15 SCI-06 INT-08

FEA-02 DRC-01 /186 W
---------- 029811
R 010200Z FEB 74
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 9674

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PASS AGRICULTURE

STATE ALSO FOR T/IEP

E.O. 11652: N/A
TAGS: ENRG, EAGR, JA
SUBJECT: ENERGY: EFFECT OF ENERGY SITUATION ON AGRICULTURAL PRODUCTION AND TRADE

REF: A) STATE 005278; B) STATE 7324; C) TOKYO 1273

ALMOST ALL FERTILIZERS PRODUCED JAPAN FROM IMPORTED RAW MATERIALS, WITH OVER HALF NITROGENOUS FERTILIZER EXPORTED. FERTILIZER PRODUCED IMPORTED PHOSPHORUS ROCK, POTASSIUM CHLORIDE AND POTASSIUM PHOSPHATES USED PRIMARILY DOMESTIC CONSUMPTION.

RE QUESTION RAISED REF: A

1. FERTILIZER COMPANIES CAN PRODUCE 4,434,000 MT AMMONIA AS INTERIM PRODUCT. CAPACITIES PRODUCE UREA, AMMONIUM
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CHLORIDE, AMMONIUM NITRATE AND COMPLEX FERTILIZERS TOTAL

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2,947,000 MT (N BASIS). 2,017,000 MT (N BASIS) PRODUCED IN 1972-73. SINCE AMMONIUM SULFATE PRODUCED WITHOUT SPECIAL FACILITIES, PRODUCTION COULD BE INCREASED TO MORE THAN 1.5 MILLION TONS (N BASIS), IF ADEQUATE SULFATE ACIDE SUPPLIED BUT ONLY 403,000 MT PRODUCED 1972-73. PRODUCTION NITROGEN CYANAMIDE 34,000 MT COMPARED 61,000 MT CAPACITY. CAPACITY IN TERMS OF MAJOR SUBSTANCES FOR THE FOLLOWING FERTILIZERS AND THEIR JULY 1972-JUNE 1973 (FERTILIZER YEARLY) PRODUCTION WERE:

ITEM	APPROX. PER CENTAGE MAJOR SUBSTANCE	CAPACITY	PRODUCTION
		....1,000 MT	
UREA	N-46	1,754	1,470
AMMONIUM CHLORIDE	N-25	236	203
AMMONIUM NITRATE	N-33	60	9
COMPLEX	N-14	897	329
OTHER AMMONIUM	NA	NA	6
AMMONIUM SULFATE	N-21	NO SPEC. EQUIP. NECESSARY	403
PHOSPHATIC ACID	P205 BASIS	849	INTERIM PROD.
AMMONIUM PHOSPHATE	P205-46	300	"
SUPER PHOSPHATE	P205-17	505	122
FUSED PHOSPHATE	P205-20	206	89
CALCINED PHOSPHATE	P205-34-38	38))	

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MULTI PHOSPHATE	VARIES	NA	39
COMPLEX	"	1,149	478

POTASSIUM SULFATE AND POTASSIUM CHLORIDE ARE IMPORTED WITH ONLY SMALL PORTION POTASSIUM CHLORIDE CONVERTED INTO POTASSIUM SULFATE.

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II. THE SUPPLY AND DISTRIBUTION FOR 1971-72 (FERTILIZER YEAR 72) THROUGH 1974-75 FERTILIZER YEARS ARE:

NITROGENENOUS

YEAR	PROD.	CONS.	EXP.	STOCKS
	.....1,000 MT N			
72	2,125	880	1,274	484
73	2,454	970	1,680	288
74	2,800	1,010	1,750	328
75	2,900	1,050	1,820	358

PHOSPHORUS - 1,000 MT P205

72	685	639	48	148
73	729	700	60	117
74	820	735	63	139
75	840	772	67	140

POTASSIUM - 1,000 MT K20

YEAR	IMP.	CONS.	EXP.	STOCKS
72	553	584	16	64
73	615	610	10	59
74	645	633	10	61
75	670	660	10	61

THE 73-74 AND 74-75 FORECOASTS WERE PREPARED BEFORE FUEL SHORTAGES. THUS SECOND HALF OF 73-74 AND 74-75 MAY BE REVISED. SEE FOLLOWING.

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JAPANESE AGRICULTURE SEEING SLOW BUT STEADY MOVEMENT FARMLAND INTO URBAN USE. HOWEVER OVER SHORT TERM, ADDITIONAL FERTILIZERS WILL BE NECESSARY AS CERTAIN LAND HELD FALLOW UNDER RICELAND DIVERSION PROGRAMS WILL BE RETURNED RICE OR OTHER PRODUCTION.

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INCREASES IN DOMESTIC FERTILIZER USAGE SEEM AS REALISTIC AND NECESSARY AND WILL OCCUR UNLESS COMPLETE BREAKDOWN SHIPPING OF IMPORTED RAW MATERIALS, WHICH NOT FORESEEN.
ANY REDUCTION PRODUCTION WILL AFFECT STOCKS AND EXPORTS.
BECAUSE OF SHORTER WORLD FERTILIZER SUPPLIES AND RISING PRICES JAPANESE WERE PREPARING SEND "APOLOGY" TEAMS TO COUNTRIES IMPORTING FROM JAPAN TO EXPLAIN NECESSITY TO EXPORT LESS THAN ORIGINALLY PROMISED AND AT HIGHER PRICES.
THE OIL RESTRICTIONS AROSE SHORTLY BEFORE TEAMS DEPARTED AND DOMESTIC FERTILIZER USERS AGAIN REEMPHASIZED THAT ANY PRODUCTION CUTS WOULD AFFECT ONLY EXPORTS/STOCKS.

THE "APOLOGY" TEAMS AND VARIOUS GOJ MINISTERS VISITING IN IMPORTING AREAS MET QUOTE NO UNDERSTANDING, UNQUOTE. GOJ STARTED EXPRESS DETERMINATION MEET NEEDS THEIR CUSTOMERS. HOWEVER SINCE MINISTERS-TEAMS RETURN INSTRUCTIONS HAVE REPORTEDLY BEEN ISSUED TO LIMIT EXPORTS.

THE JAPAN AMMONIUM SULFATE ASSOCIATION ANNOUNCED JAN. 21 THAT UNDER CURRENT FUEL AND ELECTRICITY SITUATION, EXPORTS TO CHINA, INDIA, AND SRI LANKA IN FERTILIZER YEAR 73-74 OF
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930,000 MT AMMONIUM SULFATE CONTRACTS 80 PERCENT WILL BE FULFILLED, OF 2,250,000 MT UREA CONTRACTS 97 PERCENT WILL BE FULFILLED. DISCUSSIONS PHILIPPINES, MALAYSIA, NEW ZEALAND, AND FIJI EXPECTED SOON. IN DECEMBER PRODUCTION THESE TWO PRODUCTS 10 PERCENT UNDER PLANS. IF SUPPLIES OF

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ENERGY AND RAW MATERIALS RESTORED, PRODUCTION WILL RECOVER,
AND EXPORT PLANS WILL BE MORE CLOSELY MET.

PRICES PAID BY JAPANESE FARMERS HAVE GENERALLY REMAINED
STABLE OVER THE YEAR, SEE TABLE.

JAPAN: PRICE PAID BY FARMERS, YEARS 1967, 71-72

ITEM	SPEC.	1967	1971	1972
		(YEN PER BAG)		
AMM. SULF.	N 21 PERCENT	803	762	754
CAL. CYAN.	N "	692	843	765
UREA	N 46 "	777	709	700
AMM. NITR.	N 34.4 PERCENT	759	ND	ND
AMM. CHLOR.	N 25 PERCENT	611	601	423
SUPER PHOS.	SOLUBLE 17 PERC	616	700	720
FUSED PHOS.	SOLUBLE 20 PERC.	525	604	455
MULTI-PHOS.	SOLUBLE 35 PERC.	612	NA	NA
POTASS. SULF. WATER-SOLUBLE 50 PERCENT		780	845	629
POTASS. CHLOR. WATER-SOLUBLE 60 PERCENT		670	737	561
COMPLEX I.	N 8 PERC, P 205 8 PERCENT, K20 5 PERCENT GRANULE	668	690	727
COMPLEX II.	N 8 PERCENT, 0205 8 PERCENT, K20 5 PERCENT POWDER	576	741	790
COMPLEX III.	N 14 PERCENT, P205 14 PERCENT, K20 14 PERCENT GRANULE	710	732	774

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CALC. HYDROX. ALCALINITY 60 PERCENT		117	161	182
CALC. SILIC. ACID SOLUBLE SILICIE ACID 20 PERCENT, ALCALINITY ABOUT 35 PERC		187	221	234
RAPESEED MEAL		1,524	1,617	1,505
SOYBEAN MEAL		2,058	2,151	2,260
FISH MEAL	SAURY	5,744	5,363	6,518

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ND: NO DATA

SOURCE: MINISTRY OF AGRICULTURE AND FORESTRY.

IN JANUARY A 30 PERCENT PRICE INCREASE WAS APPROVED AND
INSTITUTED FOR NITROGENOUS FERTILIZERS. THE PRICE FOR
OTHERS IS EXPECTED TO INCREASE AS PRICES RESOURCES FOR
PRODUCTION HAVE INCREARED. REPORTEDLY FOB PRICES PHOSPHORUS
ROCK HAS DOUBLED IN FLORIDA, TRIPLED IN MOROCCO. WHILE
PRICES FOR POTASSIUM ARE SOMEWHAT STABLIZED BY LONG-TERM
CONTRACTS, HIGHER TRANSPORTATION PRICES ETC, WILL TEND
INCREASE COSTS/PRICES FOR THIS AND ALL IMPORTS.
JAPAN GNP IN BILLION DOLLARS ACTUAL TERM 1972-300, 1973
ESTIMATED 408, 1974 FORECAST 490.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, ENERGY, TRADE, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO01424
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740260/aaaacemj.tel
Line Count: 293
Locator: TEXT ON-LINE
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 005278; B) STATE 7324; C) T, OKYO 1273
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 29 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 JUL 2002 by kelleyw0>; APPROVED <29 JUL 2002 by morefirh>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ENERGY: EFFECT OF ENERGY SITUATION ON AGRICULTURAL PRODUCTION AND TRADE
TAGS: ENRG, EAGR, JA
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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